State of West Virginia
Public Employees Insurance Agency (PEIA)

Pharmacy Benefit Management
Request for Proposals
August 7, 2007

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CHAPTER 1 – INTRODUCTION

1.1 Problem Statement

Prescription costs are increasing dramatically. Prescription costs have risen 13 to 16% for the last several years. Some of the increase is attributable to the introduction of new kinds of drug therapy that can help reduce more costly hospital stays and medical expenses.

However, much of this increase is the result of the introduction of new, very costly drugs, an aging population, and aggressive promotion by drug manufacturers that results in increasing utilization. Benefit managers everywhere are struggling with the economic burden of continuing to provide appropriate benefits, while staying within budget guidelines. States are particularly challenged to continue to provide benefits to state employees and their dependents, since States have rigid budgeting rules, and little capacity for absorbing large cost increases.

1.2 Background

The West Virginia Public Employees Insurance Agency (PEIA) provides prescription drug insurance for its employees, non-Medicare eligible retirees and their covered dependents. The covered populations include state employees, county and municipal employees as well as school and university faculty, teachers and other employees. Medicare eligible retirees and Medicare eligible dependents of retirees (approximately 35,000) currently receive benefits through a Medicare Advantage Prescription Drug plan. At the PEIA's discretion, the Bidder must administer the benefits to this population through a PDP, RDS or alternate benefit plan.

1.3 Clarification of Procurement Offering

The PEIA is issuing a Request for Proposals (RFP) for prescription drug benefit management (PBM) services, including but not limited to, comprehensive Drug Utilization Review -- prospective, concurrent, and retrospective -- for approximately 150,000 members. These members include public employees, non-Medicare eligible retirees, and covered dependents. Prescription drug benefit management services are being requested from *one* bidder for an initial thirty-six (36) month period with possible annual renewals thereafter. In addition, the selected bidder will be required to provide six months implementation and transition support beginning January 1, 2008.

The contract is scheduled to be awarded no later than December 31, 2007 with the contract to become effective on July 1, 2008. The benefit Plan Year will be July 1 to June 30 each year. Subcontracting portions of the Bidder's key functions will be permitted by the PEIA as long as the contract is in place at the time of the proposal submission. The winning Bidder will be solely responsible for all subcontractors. Subcontractors have no appeal rights under this RFP.

In addition, the PEIA expects the successful Bidder to identify fully all of its revenue sources, and enter into a cost-plus relationship with the PEIA. Fundamentally, the PEIA intends to contract with the successful Bidder on a Per Member Per Month (PMPM) basis.

Recognizing the complexities of Pharmacy Benefit Management, the PEIA intends to work closely with the successful Bidder to assure the best possible results. Therefore, Bidders will be evaluated

as to their flexibility, creativity and capacity. The successful Bidder must demonstrate its ability and willingness to work with both drug retailers and drug manufacturers to find the most effective ways to control drug costs. These efforts must include appropriate therapeutic controls and careful monitoring of performance and pricing.

Bidders should also note that other State payors (WV Children's Health Insurance Program and AccessWV) will require the services provided under this contract. It is the PEIA's expectation that these payors' covered lives, claims volume and other purchased services will be included in calculating volume-related discounts and cost savings. Further, cost proposals must provide separate pricing for each of these entities. Use Appendix C for each submission. Billing and rebates will be sent directly to these agencies not to the PEIA.

Please refer to the Prescription Drug Benefit section of the PEIA 2007 Summary Plan Description (SPD) for a description of the current pharmacy benefits as well as the SPDs for the other two programs.

The PEIA will select one bidder after evaluating the responses to this RFP. Bidders are expected to examine carefully all documentation, schedules, and requirements stipulated in this RFP and respond to each requirement in the prescribed format. The successful Bidder must provide all staffing, systems, and procedures required to perform the services described herein.

The Contract awarded as a result of this solicitation will be PMPM arrangement. The pricing methodology the Bidder must provide is detailed further in the Cost Proposal.

In addition to the provisions of this RFP, information provided during any finalist's presentations and the successful proposal will be incorporated by reference in the contract. Any additional clauses or provisions required by federal or state law or regulation in effect at the time of execution of the contract will also be included.

The PEIA reserves the right to make a contract award without any further discussion with potential Bidders regarding the proposals received. Therefore, proposals should be submitted initially on the most favorable terms available to the PEIA from a price and technical standpoint. The PEIA reserves the right to conduct discussions with all responsible parties who submit proposals that pass the Mandatory Proposal Requirements described this RFP. At PEIA's discretion, PEIA may also contact some, or all, of the Bidders to request additional information or clarification. All materials submitted by Bidders pursuant to such requests will be considered to be part of their proposals.

1.4 Primary Objectives

The PEIA's primary objectives in this undertaking are:

- to manage prescription drug cost and utilization while recognizing the impact on total healthcare costs,
- to develop or enhance both member and prescriber education as to cost-effective drug usage;
- to reduce program administrative costs and improve service and access to those who need it;
- to obtain full disclosure and clarification from the Bidders of their sources of profit;
- to maintain positive relationships with the provider community;
- to achieve greater efficiency in pharmacy claims processing;

- to improve patient health outcomes via appropriate and safe drug therapies; and
- to prevent payment of fraudulent or duplicate claims.

1.5 General Information for Applicants

The procurement officer for PEIA will be:

J. Michael Adkins
Deputy Director of Operations
West Virginia Public Employees Insurance Agency
State Capitol Complex
Building 5, Room 1001
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305-0710
Telephone: 304/558-6244, ext. 230
Fax: 304/558-4969

The above person is the point of contact from the date of release of the RFP, until the selection of the successful Bidder. See section 4.10 of this RFP.

1.6 Procurement Schedule (Subject to Change)

ACTIVITY	DATE/TIME
Proposed RFP Release	Friday, July 20, 2007
Proposed RFP Comments Due	Wednesday August 1, 2007 4:00 pm EDT
Release of RFP	Tuesday, August 7, 2007
Mandatory Bidders' conference	Tuesday, August 21, 2007 10:00am EDT PEIA Offices
Bidders' written questions due	Tuesday, August 21, 2007 4:00 pm EDT
PEIA response to written questions	Tuesday, August 28, 2007
Proposal Submission Deadline	Friday, September 28, 2007 4:00 pm EDT
Proposal Evaluations and Recommendation to Director	Friday, October 26, 2007
Contract Negotiations with Successful Bidder	October 29 – November 9, 2007
Contract signed	Friday, November 16, 2007
Begin six month transition period	Tuesday, January 1, 2008
Service Effective Date	Tuesday, July 1, 2008

1.7 Written Questions

Bidders may submit, in writing, any questions or clarifications prior to submitting a proposal to the Procurement Officer named above in Section 1.5. Written questions received later than the date and time shown in Section 1.6, shall not be answered. All questions with responses will be provided to all potential bidders who are known by the Procurement Officer on the date and time shown in Section 1.6. The questions can be submitted via fax or email; however, PEIA assumes no liability for assuring accurate/complete FAX/email transmission/receipt and will not acknowledge receipt except by addressing the question.

1.8 Mandatory Bidders' Conference

Bidders will have the opportunity to ask questions at the Mandatory Bidders' Conference and the PEIA will make a reasonable attempt to answer all questions presented. Answers to questions raised at the Conference will be sent to all potential Bidders who attended the conference. Oral answers will not be binding on the PEIA. Attendance at the Conference is mandatory. The Bidders are responsible for all costs associated with attending the Bidders' Conference.

CHAPTER 2 - PARTICIPATION STANDARDS

2.1 Claims Processing and Systems

2.1.1 Systems

The selected Bidder shall be responsible for processing all drug claims for all covered recipients processed through the prescription benefit. The Bidder must include a full description of its systems environment including technical platform, software, back-up procedures, staffing, overall capacity, and security. The Bidder must accept the eligibility file(s) in the formats as provided by the PEIA. The Bidder must accept eligibility file transfers twice per week via FTP (file transfer protocol). The Bidder must accept the PEIA eligibility counts for payment. Describe the system backup procedures and your system disaster recovery plan, this must include how often the disaster recovery system is tested and when was the last test.

The Bidder must have access to all subcontractors' systems that perform key functions of your organization. Also, the Bidder must provide the members with online access to their prescription histories.

2.1.2 Compounds and other miscellaneous claims

Describe your methodology for electronic processing of claims for compounded prescriptions as well as paper claims and batch claims.

2.1.3 Claims History

The Bidder will be expected to pre-load a one-year history file, including claims and prior authorizations. Describe your experience and capabilities in this regard. Describe the period of time detailed claims history is kept on-line before archiving.

2.2 Network

2.2.1 General Description

The Bidder will be responsible for managing the network for the PEIA. The Bidder must describe all of the following:

1. The network(s) it will use to manage the pharmacy benefit for the PEIA.
2. How network providers' performance is monitored.
3. How network pharmacies are credentialed and/or how the network pharmacies are licensed and insured properly.
4. The average turnover of providers within the Bidder's network for the past two years.
5. The projected turnover for the next two years.
6. How 24-hour pharmacy needs are managed?
7. In addition, the Bidder must provide a copy of its standard provider agreement for each network proposed.

2.2.2 Prescription Pricing

The Bidder must specify both brand and generic costing methodology and dispensing fees. The Bidder must describe all of the following:

1. The Bidder's generic costing procedures.
2. The percentage of generics that are covered by your MAC list.
3. How many items are on your MAC list.
4. Indicate how often the Bidder's MAC list is updated and the criteria for adding and deleting products from this list.
5. Describe how multi-source drugs are priced. It is PEIA's intention that multi-source drugs will be reimbursed at the MAC rate with the member responsible for the generic co-payment plus the cost difference in the brand and generic versions unless an NCPDP #22 override is issued. Then the co-payment will be the brand non-preferred co-payment.
6. Describe the source, reference price and frequency of updates for the Bidder's single-source brand name medications.
7. Describe the source, reference price and frequency of updates for the Bidder's generic medications and the generics subject to MAC pricing.
8. Providers must price at the lower of calculated cost or Usual and Customary (U&C). Providers must submit the U&C with each claim. How does the Bidder's organization assure that this protocol is followed?
9. Since some OTCs may be covered, how would they be priced?
10. Does the Bidder have the capacity to track and pay for cognitive services? If so, describe.
11. What recommendations do you have for engaging the provider network in cost containment?
12. PEIA requires the Bidder to administer Coordination of Benefits (COB) for both commercial plans and Medicare Part B covered drugs. Confirm and describe your capabilities in this regard? This should include whether the process is manual, electronic or both.
13. Describe the Bidder's capability of ensuring only prescriptions submitted with valid DEA numbers are adjudicated.

2.2.3 Mail Order

The Bidder must offer mail order services. However, it is not mandatory for the PEIA members to use. The Bidder must describe all of the following:

1. The location of the mail order facility servicing PEIA.
2. The mail order facility, including controls on prescription errors and member services provided.
3. The turn-around time, based on both total days and days in-house.
4. Any switching programs employed in the Bidder's mail service facility and explain how the Bidder assures that there is no reduction in quality of service. Also explain how savings generated through such programs are shared with the Bidder's clients. Switching programs may not be allowed.
5. In addition, the Bidder also must confirm that the same MAC is used at both retail and mail order. If several MAC lists are available in your proposed retail networks, describe how the mail order MAC compares to the retail MAC.

2.2.4 Specialty Pharmacy

PEIA uses an exclusive Specialty Pharmacy. A member may purchase a specialty medication at any retail pharmacy for the first fill then specialty medications are covered only through the Specialty Pharmacy. If the Bidder offers a Specialty Pharmacy, it must provide the following:

1. A hard copy of the most common Specialty Medications list and a comprehensive electronic list.
2. The location of the Specialty Pharmacy to service PEIA.
3. Describe the Specialty Pharmacy, including controls on prescription errors and member services provided.
4. Describe your turn-around time, based on both total days and days in-house.
5. Describe any ancillary services offered, including but not limited to care management programs, special packaging, free supplies.
6. Provide the number of current clients utilizing the Specialty Pharmacy service you are proposing.

2.3 Network Auditing

2.3.1 Discussion and Overview

PEIA believes that an aggressive audit program can produce meaningful savings.
The Bidder will be required to administer a complete, comprehensive audit program that will include both desk and on-site audits. The Bidder will be required to manage the audit and compliance programs for its own network(s). This includes appropriate sanctions and recoveries. In addition to the requirements listed below, the Bidder should describe any additional suggestions or recommendations with respect to Audits.

2.3.2 Requirements

The Bidder must describe all of the following:

1. Bidders must describe its audit program. Include a description of how providers are selected for (desk and on-site) audits, how often audits occur, and how settlements are calculated.
2. Bidders must describe how the audit department is staffed, including the credentials of the staff.
3. What percentage of pharmacies receives Desk Audits?
4. What percentage of pharmacies receives On-site audits?
5. What parameters trigger a desk audit?
6. What elements are reviewed during the desk audits?
7. What criteria discovered in a desk audit will result in an on-site audit?
8. For on-site audits:
   - Who conducts the audits?
   - What records are reviewed?
   - Describe the Bidder's methodology for record duplication and handling.
9. How does the Bidder control 'short-counts' (i.e., fraudulent under-dispensing)?
10. How are partially filled prescriptions and under-stocked drugs addressed?
11. How does the Bidder assure that prescriptions not picked up are reversed in a timely fashion?
12. Explain the Bidder's edit logic to track compliance with the usual and customary price provision.
13. Describe Bidder's policies with respect to audit recoveries. How are these recoveries shared with the Bidder's clients?
14. Describe your process for assuring that network providers respond to your DUR on-line messages.
15. Describe any education provided to network providers following an audit to correct problems from recurring.

2.4 Audit of Bidder

The PEIA may audit the successful Bidder at any time during the contract. The PEIA requires the successful Bidder to provide a SAS 70 Type II report at the successful Bidder's expense. This report must entail a minimum of six months of PEIA's Plan Year. If any of the audits contain a qualified opinion(s) that cause any additional costs to be incurred by the PEIA, the additional cost must be borne by the Bidder. Additionally, the Bidder must submit a corrective action plan and timeline for correction for any qualified opinions.

The PEIA and authorized representatives of the State, including, but not limited to, the State Auditor and/or any applicable federal agencies providing funds, shall have the right, during the Bidder's normal operating hours, and at any other time a PEIA-related function or activity is being conducted, and within the provisions set forth under the requirements of HIPAA, to monitor and evaluate, through inspection or other means, the Bidder's performance and that of its network providers. During the contract period, access must be provided at all reasonable times. During the five-year post-contract period, delivery of and access to records will be at no cost to the PEIA.

This includes, but is not limited to, assessments of the quality, appropriateness, and timeliness of services provided to the PEIA enrollees, as well as focused clinical studies of acute and chronic health conditions determined to be of high priority to the PEIA, and audit of financial records. This also includes the performance of periodic pharmacy audits and collection of management data to be conducted at least once per year. A thirty (30) day notice will be given prior to the onsite visit. The

PEIA reserves the right to use the audit firm of its choice.

The bidder must be able to provide accurate support data to demonstrate the proper treatment of any and all claims, discounts, rebates, savings or other matters addressed by the contract. Failure of the Bidder to provide such accurate data will be grounds for the PEIA to disallow the position of the bidder and any financial benefit the Bidder claims based upon that position.

2.5 Analysis and Reporting

2.5.1 Discussion and Overview

PEIA has determined that analysis and reporting is critical to effective management of drug benefits. The reporting process must be flexible and timely. The Bidder must include samples of reports and recommendations for proper reporting.

The Bidder must provide an electronic copy of all paid and reversed pharmacy claims, in a file layout acceptable to PEIA, PEIA's Third Party Administrator (TPA) and Data Warehouse vendor and consistent with The National Council for Prescription Drug Programs (NCPDP) specifications, weekly at no cost. The Bidder may be required to send this information to additional vendors at a later time at the request of PEIA.

The Bidder will be required to present quarterly, semi-annual and/or annual on-site reviews of the PEIA prescription drug program. Also, the Bidder may be required to attend the PEIA Finance Board meeting as well as its Benefit Fairs. All costs should be borne by the Bidder.

2.5.2 Requirements

1. The Bidder's system shall provide, electronically, a complete package of monthly, quarterly, or yearly management and utilization reports that shall be mutually agreed upon by PEIA and the Bidder, to include the following information, at a minimum:
   - Total number of paid and denied claims;
   - Total number of claims and associated dollars by eligibility type;
   - Top 10 drugs by dollars;
   - Top 10 indications by dollars;
   - Total number of prior authorization (PA) requests;
   - Total number PAs approved;
   - Total number PAs denied;
   - Total number of PA renewal requests;
   - Total number of denied requests on appeal;
   - Annualized savings and basis for savings;
   - Annualized savings per drug category and management type;
   - Total dollar amount of claims by eligibility type;
   - Top ten reasons for denial;
   - Average time/range for adjudication of claims by mode of processing;
   - Average time/range for prior authorization approval/denial;
   - Number of prior authorizations not resolved within twenty-four (24) hours;
   - Reasons for prior authorizations resolved in greater than twenty-four (24) hours; and

- Provide all requested Ad-hoc reports at no additional charge.

2. The Bidder shall provide PEIA quarterly, semi annual, and annual reviews, including but not limited to, information that shall be useful to identify ongoing cost savings and PEIA performance. Bidder must agree to provide the PEIA customized Monthly Trend report.
3. The Bidder must provide PEIA access to a web-based application to be used for on-line ad-hoc and administrative reporting and tracking no later than 90 days after implementation. The Bidder must provide training, support, and on-going consultation in the use of this application. The application must be compliant with all federal and state privacy and security requirements. Any costs for establishing connectivity with the Bidder must be borne by the Bidder. Also, The Bidder must have access to all subcontractors' systems that perform key functions of its organization and permit the PEIA access to these systems.
4. The Bidder shall provide examples of the types of management reports available in its current system.
5. The Bidder shall provide the following capabilities for integration with the PEIA systems:
   - On-line access to paid claims history (realtime);
   - On-line access to the drug file;
   - On-line access to the eligibility files;
   - Ability for the PEIA eligibility staff to enter or update eligibility;
   - Ability to request a new ID card;
   - Plan coverage elements, such as copays and plan limits;
   - Rejected and reversed claims;
   - Ability for PEIA staff to enter, terminate, or update PAs;
   - Deductibles; and,
   - Full access to all of the Bidder's data pertaining to the PEIA membership must be made available to PEIA. PEIA must have access to the same customer service systems as the Bidder's customer service units. State if this includes access to Bidder's customer service call log.
6. The Bidder must offer a comprehensible Explanation of Prescriptions (EOP) to PEIA members, including adequate information about the prescription and prescription costs upon request by PEIA or the member at no additional cost.
7. The Bidder must provide an annual report containing a management summary, full financial and enrollment experience, and at least the top 500 sole source drugs and top 500 generic drugs.

2.6 Pharmaceutical Manufacturer Liaison (PML)

Working relations with Pharmaceutical Manufacturers are a key component of the selection process. The Bidder must describe its relationship with these manufacturers, in the context of long term, partnering relationships. This must include the following:

1. List the manufacturers with whom the Bidder has rebate arrangements for the Bidder's self-funded clients.
2. Include samples of current rebate contracts.
3. Provide samples of rebate reports the Bidder provides to self-funded clients.

4. Provide a description of your Pharmacy & Therapeutics Committee to include the composition of the group by clinical and administrative background, how often the group meets, and other relevant information.
5. Explain how the Bidder's Pharmacy & Therapeutics process integrates with formulary and rebate development and negotiations.
6. How does the Bidder integrate Prior Authorizations and Step Therapy into this process?
7. How will the Bidder provide these services to recipients covered pursuant to this RFP?
8. Describe the flow of compensation between the Bidder and the drug companies. Include both direct rebates and all other sources of compensation the Bidder receives from the drug manufacturers.
9. What are the Bidder's recommendations for controlling costs at the manufacturer level?
10. The successful Bidder must disclose fully its economic relationships with drug manufacturers to PEIA. Include all such revenue sources, both direct and indirect, including but not limited to drug spend rebates and manufacturer administrative fees. Provide what types of medications are eligible for rebates, such as retail, mail order, and specialty claims.
11. PEIA requires that rebates and other price concessions earned through formulary compliance or other similar means be passed back to PEIA. This includes all specialty drug rebates. PEIA is willing to consider proposals that provide incentives to the PBM for meeting rebate targets. Describe your recommendations for an incentive program in that circumstance.

2.7 Formulary and Rebates

2.7.1 Discussion and Overview

PEIA is a payer for substantial amounts of prescription drugs used by State and municipal employees and eligible dependents.

2.7.2 Requirements

For compensation from Manufacturers, including Rebates, the Bidders must provide or describe the following:

1. Provide a copy of the formulary or formularies Bidder is proposing, and indicate if any major changes are anticipated within the next year. Describe your procedure for making changes in the formulary, including notification procedures that would be used to inform recipients, prescribers, and pharmacists of changes.
2. Provide a side by side comparison of the differences in the proposed formulary with the current the PEIA Preferred Drug List (WVPDL).
3. Does the Bidder utilize an evidence-based formulary?
4. What percentage of single-source brand name drugs are on the proposed formulary?
5. Describe the Bidder's standard rebate arrangements, including the length of the contracts.
6. Describe the time line for reporting and receiving of rebates.
7. Provide samples of Bidder rebate performance reports.
8. Rebates are considered all compensation received from drug manufacturers, including direct rebates, revenue from sale of data, book-of-business-rebates, manufacturer administrative fees, and any other revenue received. Describe how these revenues will be passed entirely to PEIA.

9. Provide ideas for maximizing rebate potential. PEIA recognizes that rebates are not the only metric. High generic usage drives down rebates, but the primary focus for PEIA is the lowest unit cost.
10. Confirm that 100% of the rebates (including specialty drug rebates) will be passed to the PEIA.

2.8 Drug Utilization Review

2.8.1 Discussion and Overview

PEIA recognizes that thorough Drug Utilization Review (DUR) is critical to effective drug benefit management. Bidders should include recommendations for the most effective DUR programs.

Drug Utilization Review (DUR) includes these major elements. Bidders must describe these elements within the proposal submitted.

Prospective Drug Utilization Review
Concurrent Drug Utilization review
Retrospective Drug Utilization Review
Education programs

The purpose of the DUR program is to improve the quality of pharmaceutical care by ensuring that prescriptions are appropriate, medically necessary, and that they are not likely to result in adverse medical results. The program must be designed to educate physicians and pharmacists to help them identify and reduce the frequency of patterns of fraud, abuse, gross overuse, or inappropriate or medically unnecessary care. The program needs to evaluate drug use patterns among physicians, pharmacists and beneficiaries, and those associated with specific drugs or groups of drugs. DUR accesses data on drug use against predetermined standards, consistent with peer-reviewed literature. The assessment must include, but need not be limited to:

- Monitoring for therapeutic appropriateness;
- Over-utilization and under-utilization;
- Appropriate use of generic products;
- Therapeutic duplication;
- Drug-disease contraindications;
- Drug-drug interactions;
- Drug-gender interactions;
- Drug-age interactions;
- Incorrect drug dosage or duration of drug treatment; and
- Clinical abuse/misuse.

The Bidder must specify how its system works as to whether these edits are hard or soft and how its clients can change them.

2.8.2 Requirements

Bidders must address the following requirements within proposals submitted. In addition to the requirements listed below, the Bidders should describe any additional suggestions or recommendations for DUR. The requirements for the Bidder's DUR and education programs include the following, at a minimum.

2.8.2.1 General

1. The successful Bidder will provide an assigned clinical manager (R.Ph. or PharmD.) who will be responsible for daily oversight of the DUR programs and provide clinical analysis and guidance to the appropriate PEIA staff. Describe the qualifications and time commitments of the clinical staff.
2. On a quarterly, semi annual, or annual basis (dependent on PEIA selection), the Bidder shall prepare a report to PEIA staff that includes a description of the DUR activities, scope and nature of the Prospective and Retrospective drug use review programs, a summary of the interventions used, and an assessment of the impact of these educational interventions on the quality of care and an estimate of the cost savings generated as a result. This report will be used to evaluate the effectiveness of the DUR program.
3. If the Bidder has a face-to-face clinical detailing program for an identified population, such as the top ten percent (10%) of all prescribers, provide a description of the program and any associated costs. The cost must be included in the Cost Proposal portion only.

2.8.2.2 Prospective DUR

1. The Bidder shall provide a Prospective Drug Utilization Review process that is linked to the electronic claims management network, so as to furnish medical and/or drug history information for each beneficiary.
2. This process must have the flexibility to adjust to changes in criteria or procedures as required by PEIA.
3. The Bidder will be required to provide educational materials targeted to pharmacists informing pharmacists about their legal obligation to provide counseling to beneficiaries regarding meaningful Prospective DUR findings. Bidders must describe their capabilities in this regard.

2.8.2.3 Concurrent DUR

For Concurrent DUR to work as well as possible, the System must have the following capabilities at a minimum:

1. A table with days supply limits by drug;
2. Quantity limits by drug;
3. A dual-tracking system for early refills that tracks both current and cumulative usage; and,
4. Age and gender edits.

Bidders should describe their capabilities in this regard; including a description of how the Bidder maintains these edits and how prescribers and pharmacists are notified when changes are implemented.

2.8.2.4 Retrospective DUR

1. The Bidder may be required to analyze pharmacy and non-pharmacy (primarily hospitalization and laboratory) claims on an ongoing basis and present recommendations quarterly for additions or changes to the Retrospective DUR programs and interventions. The proposed DUR programs shall address both high risk and high cost/utilization drug

therapies and shall tie to the top drugs/disease states that are being used by the beneficiaries.

2. The program must, on a monthly and quarterly basis, assess data on drug use against explicit predetermined standards including but not limited to monitoring for therapeutic appropriateness, over-utilization and under utilization, incorrect drug dosage, or duration of drug treatment and clinical abuse/misuse and, as necessary, introduce strategies to improve the quality of care and to conserve program funds or personal expenditures.
3. The Retrospective DUR program must also provide ongoing interventions for physicians and pharmacists targeted toward therapy problems or individuals identified in the course of Retrospective DUR activities.
4. The Retrospective DUR program must include written, oral, or electronic reminders containing beneficiary–specific or drug-specific (or both) information and suggested changes in prescribing or dispensing practices, communicated in a manner designed to ensure the privacy of beneficiary-related information.
5. The Bidder's process must include intensified review or monitoring of selected prescribers or dispensers, proposing detailed program interventions to appropriate PEIA staff for consideration.
6. The Bidder's process must include periodic evaluation of interventions to determine if the interventions improved the quality of drug therapy. The Bidder is to evaluate the success of interventions and make modifications as necessary.

Bidders should describe their capabilities in this regard, including a description of the interventions.

2.8.2.5 Educational Programs

1. At least on a semi-annual basis, the Bidder shall provide drug management programs including supportive clinical research, protocols, and financial analyses for newly approved therapies and indications to PEIA staff for consideration. Upon approval, this information shall be included as part of the DUR Programs provided by the Bidder.
2. The DUR Program must integrate with edits (whether POS, batch, or paper claims processing), and provide communications and education to pharmacies that are not appropriately complying with these edits, including encouraging pharmacists to counsel beneficiaries on DUR findings.
3. The Bidder is required to demonstrate experience in effective physician and pharmacy targeting that is focused on the high value prescribers who contribute the largest impact on improved quality of care and drug cost reduction, then implementing interventions to optimize prescriber behavior.
4. The Bidder must have demonstrated success in attaining prescriber agreement to use a clinically appropriate alternative product or generic, if relevant, in the same therapeutic class.
5. The Bidder must describe its use face-to-face discussions, if any, between health care professionals who are experts in rational drug therapy and selected prescribers and pharmacists who have been targeted for educational intervention, including discussion of optimal prescribing, dispensing, or pharmacy care practices and follow-up face-to-face discussions.
6. If there is an additional cost for any of these services, include in the PMPM in the price proposal section.

2.9 Utilization Management (UM)

2.9.1 Discussion and Overview

Utilization Management must focus on beneficiary, physician, and pharmacist utilization patterns and must be integrated with both the Retrospective DUR and network management programs. The utilization management protocols will be proposed by the Bidder to PEIA for approval. While the primary focus of utilization management is controlling/reducing pharmacy utilization, utilization management programs may also integrate with disease management and Retrospective DUR, identifying beneficiaries who are non-compliant, as well as identifying beneficiaries who seem to practice polypharmacy. The Bidder must provide a definition and description of its polypharmacy program(s).

Utilization management consists of reviewing, on a monthly basis, the utilization patterns of beneficiaries – focusing on beneficiaries receiving a large number of prescriptions each month, high cost prescriptions, controlled substances and beneficiaries seeing multiple physicians and/or receiving prescriptions from multiple pharmacists (referred to as poly-physician, poly-pharmacist). Once beneficiaries are systematically identified, they shall be assessed by the clinical manager to determine the appropriate intervention, which may include referring the beneficiary to a case management program, physician notification, beneficiary lock-in (restricting the potentially abusive beneficiary to a single physician and pharmacy, within applicable legislation, unless prior authorization is received), or other interventions.

Pharmacy utilization management consists of systematic reviews of prescribing patterns, focusing on unusual activity such as disproportionate drug dispensing patterns and generic substitution opportunities. Pharmacy utilization management shall integrate with pharmacy network management, identifying potential candidates for further investigation or on-site audits. Physician utilization management is integrated with Retrospective DUR and assists in targeting the appropriate method of communication and intervention with the physician. In addition to the requirements listed below, the Bidder must describe any additional suggestions or recommendations for Utilization Management.

2.9.2 Requirements

Bidders shall describe how their UM processes can improve care and compliance for all recipients who may be covered through this RFP. Include recommendations and samples of recipient and prescriber educational materials. Bidders must address (at a minimum) the following requirements:

1. The Bidder must provide an assigned clinical manager (R.Ph. or Pharm.D.) who shall be responsible for daily oversight and clinical review of beneficiaries, physicians, and pharmacies that have been identified through the utilization management program.
2. The Bidder/clinical manager shall present programs and associated savings with the appropriate PEIA staff who shall be responsible for approving all utilization management programs.
3. Within one hundred twenty (120) days of Contract implementation and annually thereafter, the Bidder's clinical manager shall present an annual utilization management plan to PEIA for consideration.

4. The Bidder will be required to analyze pharmacy claims on a monthly basis for both high risk and high cost/utilization therapies and present recommendations for additions or changes to the utilization management program and interventions.
5. On a quarterly basis, the Bidder will be required to provide a written report profiling the top one hundred (100) utilizing beneficiaries, pharmacies and physicians for PEIA. The report shall highlight the percentage of cost (to the total cost) attributed to the top utilizers, the actions taken (including DUR and detailing programs) and future action to be taken.
6. The Bidder must have developed information system programs for utilization management screening, which includes flexible evaluation criteria and timely data integration.
7. Where appropriate, the Bidder must have the ability to use face-to-face discussions between health care professionals who are experts in rational drug therapy and selected prescribers and pharmacists who have been targeted for utilization management.
8. Utilization management shall include written, oral, or electronic reminders containing specific information and suggested changes in prescribing or dispensing practices, communicated in a manner designed to ensure the privacy of beneficiary-related information.

2.10 Disease Management

2.10.1 Discussion and Overview

PEIA currently has some Disease Management Programs. In addition to the requirements listed below, the Bidder should describe any additional suggestions or recommendations for Disease Management.

2.10.2 Requirements

The Bidder must be able to continue the administrative services provided by the current PBM for these programs. The Bidder should provide recommendations as to improvements or new developments to PEIA regarding direction and operations of disease management programs, including the type and frequency of activities to be performed, including extent of education and intervention efforts.

If the Bidder offers disease management programs, provide a listing of the programs offered. If disease management programs are offered, the Bidders must address the following requirements:

1. Indicate if drug manufacturers provide Disease Management activities and materials to the Bidder. If so, specify which manufacturers are providing these materials, and for which diseases. Also indicate and describe any compensation the Bidder receives from the drug manufacturer for these materials.
2. Provide disease management activities that identify and manage troublesome therapies.
   - Provide examples of disease management activities including any materials and documentation that are part of its program.
3. Outline clinical management activities, including but not limited to outreach and education, physician profiling, Retrospective and Prospective Drug Utilization Review, prior authorization, drug coverage management, and predictive modeling. The Bidder

should identify how these activities fit within its recommended disease management program.
4. Identify and/or provide new, innovative and effective programs for clinical and disease management activities.
5. Introduce innovative services that improve physician prescribing and treatment.
6. Provide comprehensive beneficiary and provider (pharmacy and physician) education services.
7. Implement ongoing physician education programs on proper drug and dosage prescribing protocols.
8. Provide utilization and health management programs that decrease inappropriate Rx and medical utilization while ensuring better compliance with best practices for treatment guidelines and improved health care outcomes.
9. Implement a systems capability to screen for drug therapy concerns, by specific drugs relative to high-risk disease to include (but not be limited to): cardiovascular disease, endocrine disease, gastrointestinal disease, psychiatric disease, and respiratory disease.
10. Provide physician profiling and other clinical effectiveness reports.
11. Implement the ability to integrate medical data, if provided, in the Disease Management Program.

2.11 Prior Authorization (PA), Step Therapy (ST), Quantity Limits (QL)

2.11.1 Discussion and Overview

It is our belief that aggressive prescription management programs such as PA, ST, and QL provide savings to the Plan, without degrading quality of care. Through this RFP, PEIA is asking Bidders to propose integrated PA, ST, and QL programs. Such recommendations will be reviewed and approved based on PEIA's discretion. In addition, PEIA requires the flexibility to customize or establish its' own unique protocols for placing drugs under PA, ST, or QL programs based on its' own rules.

Currently, PEIA utilizes a vendor, other than the PBM, to review PA, ST, and QL requests. Bidder must confirm their understanding that services such as these, but not limited to these, may be contracted with other vendors.

2.11.2 Requirements

Bidders must address the following in their proposals:
1. Explain which drugs or categories of drugs the Bidder recommends for PA, ST, and QL;
2. Describe the Bidder's ST process used to ensure a first line medication is not processed to allow a second line medication to process, but then the first line medication is reversed at the pharmacy.
3. Describe the Bidder's authorization process for exceptions;
4. Explain how guidelines are developed;
5. Describe the Bidder's tracking methodology;
6. Describe the appeals process used in the PA, ST, and QL programs, including sample provider and patient appeals correspondence;
7. Describe the reporting process and timelines, including sample reports; and
8. Describe the process for providing emergency supplies of prescriptions.

2.12 Appeal Process

PEIA has a two-step appeals process. The Bidder must handle the first level of appeals. The second step is to PEIA. The Bidder must describe, in detail, its appeals process and the internal decision-making system to handle recipient appeals.

2.13 Beneficiary and Provider Phone Support

2.13.1 Discussion and Overview

The PEIA requires the Bidder to provide customer, provider, and client service through telephone support for its drug benefit.

2.13.2 Requirements

The requirements for the Bidder's process must include the following at a minimum:

1. The Bidder must provide toll-free telephone access to support system (technical) operations. Bidders should provide detailed explanations as to the manner in which telephone support will operate in order to respond to claims, inquiries, questions and problems regarding operations. The hotline shall be available to providers and beneficiaries. The Bidder shall supply all required information systems, telecommunications, and personnel to perform these operations. The Bidder shall appropriately staff its systems hotline, with positions such as a manager, hotline team leaders, and hotline representatives, all of whom shall be extensively trained. The Bidder must provide the credentials of each position being offered in response to this RFP.
2. In addition to the Account Management Team, the Bidder must provide toll-free telephone access to support the PEIA appropriate staff.
3. PEIA may require the successful Bidder to facilitate an interface between PEIA's member services system and the PBMs. Describe your capability and flexibility in this regard.
4. Customer service activities, at a minimum, should include:
   - Single front-end toll-free telephone number with touch-tone routing (if necessary) to respond to requests for pharmacy locations, inquiries or claims, and complaints about pharmacist practices and services;
   - Separate toll-free numbers for participants, physicians, and pharmacists;
   - Voice response unit (if necessary) with a user-friendly menu that callers find easy to understand;
   - Access to a pharmacist consultant 24-hours a day; and
   - Internet services.
5. The Bidder's hotline staff shall have complete on-line access to all computer files and databases that support the system for applicable pharmacy programs. PEIA customer service representatives should have the same access as the Bidders staff. This information should be limited to PEIA data only.
6. The Bidder's hotline should provide sufficient telecommunications capacity to meet PEIA existing needs with acceptable call completion and abandonment rates (as defined in

Performance Standards). It shall be scalable to demand in the future. It shall also possess an advanced telephone system that provides PEIA with extensive management tracking and reporting capabilities. A QA program shall be in place that samples calls and follows up to confirm efficient handling and caller satisfaction.

7. The Bidder must maintain toll-free telephone access (available for in-state and out-of-state providers) to support prior authorization. These Prior Authorization needs are separately specified in Section 2.11.
8. The Bidder must have professional (licensed) medical and pharmacological advisory staff and other resources necessary to provide pharmacists at the point of sale, with advice pertaining to the proper use of prescription drugs, consistent with Prospective Drug Utilization and other medical standards, as they apply to each beneficiary's unique needs and medical conditions.
9. The Bidder must produce reports on usage of the hotline(s), including number of inquiries, types of inquiries, and timeliness of responses. Such reports must also include Average Speed of Answer (ASA), and Abandonment Rate.
10. The Bidder's process shall allow beneficiaries to locate nearby pharmacies for special situations, such as twenty-four (24) hour pharmacies or those dispensing compound drugs, etc.

2.14 ID Cards and Member Materials

2.14.1 Discussion and Overview

The Bidder will be required to issue combined medical/prescription ID cards and other member or recipient materials to recipients covered by the PEIA. The ID cards must adhere to NCPDP specifications.

2.14.2 Requirements

1. Confirm that Bidder ID cards conform to NCPDP specification.
2. Provide samples. Assume that the Bidder will assemble such materials.
3. In preparing this response, assume that the Bidder will perform all mailings. Please do not discuss pricing in this section. This information should be included in the Bidder's Cost Proposal only.
4. Since PEIA uses a combined ID card, there will be relevant medical plan information required on the ID card as well.
5. The Bidder's toll-free number must be placed on the ID cards.
6. The Bidder will make available a provider directory at their cost.

2.15 E-Prescribing

The Bidder must have connectivity to RxHub. Any costs associated with e-prescribing services must be detailed in the Cost Proposal.

2.16 Accreditation

The Bidder must describe its intent to pursue Pharmacy Benefit Management Accreditation through URAC once it becomes available.

2.17 Other

Describe other services that the Bidder proposes in the context of this RFP. Be as specific as possible. Identify cost savings associated with these suggestions in the Cost Proposal.

CHAPTER 3 – COST PROPOSAL

Do NOT include cost or cost savings information in the technical proposal, but only in the price/cost proposal.

3.1 Data Sales

Presently, PBMs routinely sell detailed drug utilization data to outside firms, including database managers, marketing firms, drug manufacturers and others. Such sales will be prohibited under the contract between the successful Bidder and PEIA, unless a specific agreement is made that details:

- Revenue sharing from data sales;
- Data content (i.e., Patient, Prescriber, Pharmacy);
- The customers;
- Time frame and scope;
- Compliance with Federal HIPAA Privacy and Security Rules

This restriction will not preclude the successful Bidder from including PEIA utilization information in statistical summaries, but use of specific data will be prohibited.

3.2 Independent Price Determination

1. By submission of a proposal, the Bidder certifies, and in the case of a joint proposal, each party thereto certifies as to its own organization, that in connection with this proposal:
    a) The prices in the proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition as to any matter relating to these prices with any other Bidder or with any competitor; and
    b) Unless otherwise required by law, the prices which have been quoted in the proposal have not been knowingly disclosed by the Bidder and shall not knowingly be disclosed by the Bidder prior to award directly or indirectly to any other Bidder or to any competitor; and
    c) No attempt has been made or shall be made by the Bidder to induce any other person or firm to submit or not submit a proposal for the purpose of restricting competition.

2. Each person signing the proposal certifies that she/he:

a) Is the person in the Bidder's organization responsible within that organization for the decision as to the prices being offered in the proposal and has not participated (and shall not participate) in any action contrary to 1.a., b., and c. above; or
b) Is not the person in the Bidder's organization responsible within that organization for the decision as to the prices being offered in the proposal but has been authorized to act as agent for the persons responsible for such decision in certifying that they and such persons have not participated (and shall not participate) in any action contrary to 1.a., b., and c. above.

3. Should a Bidder be awarded a Contract resulting from this RFP, and be found to have failed to abide by the provisions set forth in this Section, said acts shall be in default of the Contract. Consequences may include cancellation of the Contract.

3.3 Configuration of the Price/Cost Proposal

Since the Engagement between the Bidder and PEIA will be a PMPM arrangement, the Bidder must detail the total PMPM and clearly indicate the costs of each of the services that make up this amount. The cost proposal must be detailed using the form in Appendix C.

The Bidder must be specific about the cost savings that PEIA shall be able to achieve, including methodologies for tracking and measuring results and proving projected cost savings. Any savings alleged by the Bidder must acknowledge that PEIA is currently a managed plan with various programs and savings mechanisms in place. Any savings asserted or proposed savings guarantees must compare savings against existing programs and drug expenditures and NOT against an unmanaged plan. **DO NOT include cost or cost savings information in the technical proposal, only the price proposal.**

The Bidder may propose a payment structure that provides incentives to reduce PEIA's overall cost for pharmacy reimbursements, while preserving or improving health outcomes.

The Bidder is invited to propose any other cost reduction strategies, including but not limited to, a cost incentive program that tracks its success at reducing costs and allows the Bidder to share a portion of any actual overall cost savings with PEIA.

The only consideration for shared savings arrangements will be upon actual evidence of a flat or negative unadjusted trend in a particular category. The evaluation will be conducted by PEIA.

The prices and rates quoted shall be effective through the Contract period and shall be placed in writing in the submitted cost proposal.

Requests for renewal price changes must be received in writing at least one hundred twenty (120) days prior to the renewal date, and are subject to approval PEIA before becoming effective. Annual price increased must not exceed 5%. In the event new prices are not acceptable, the Contract may be canceled.

It should be noted that price changes in any given fiscal year are contingent upon enactment of legislative appropriations and approval of PEIA.

CHAPTER 4 - PROCUREMENT PROCESS

The following subsections provide information on the process to be followed for this procurement:

4.1 Legal Basis

The procurement process for this RFP will be conducted in accordance with the procurement policies and procedures established by the PEIA. Pursuant to W. Va. Code §5-16-9(e), the procurement procedures established by the West Virginia Division of Purchasing do not apply to PEIA nor to this RFP process.

4.2 RFP Issuance and Amendments

Officials within PEIA have reviewed this RFP. The contents represent the best statement of the requirements and needs of PEIA. Final approval of the Contract rests with PEIA once all individual requirements have been met.

4.3 Proposal Submission Requirements

Late submissions shall not be accepted. **Proposals that arrive late will not be accepted and will be returned to the sender unopened.** Delivery of the proposals shall be at the Bidder's expense and all proposals for PEIA shall be sent to the issuing office. The time of receipt at the designated office is the time-date stamp on the proposal wrapper or other documentation of receipt maintained by PEIA. PEIA accepts no responsibility for mislabeled mail. Any and all damage that may occur due to shipping shall be the Bidder's responsibility. Each Technical Proposal and each Cost Proposal shall be enclosed in a separately sealed envelope or package.

The original, eight (8) bound copies (three-ring binders are acceptable), one (1) unbound copy, and one electronic copy in a disk format of the Technical Proposal must be submitted under sealed cover and labeled on the outside as follows:

"PEIA Pharmacy Benefit Management"
"Technical Proposal"

The original, eight (8) bound copies (three-ring binders are acceptable), one (1) unbound copy, and one electronic copy in a disk format (using Microsoft Word and Excel) of the Cost Proposal must be submitted under separate sealed cover and labeled on the outside as follows:

"PEIA Pharmacy Benefit Management"
"Cost Proposal"

One copy of each proposal shall be signed, in blue ink, by an official authorized to legally bind the Bidder, and shall be marked:

"ORIGINAL"

The Technical Proposal must not contain any mention of the dollar amounts in the Cost Proposal. However, information such as labor hours and categories, materials, subcontracts, and so forth, shall

be contained in the Technical Proposal so that the Bidder's understanding of the scope of the work may be evaluated. The Technical Proposal shall disclose the Bidder's technical approach in as much detail as possible, including, but not limited to, the information required by the Technical Proposal instructions.

The face of the package containing the original and copies, whether mailed or hand-delivered, shall bear the following legend, "PEIA PROPOSAL – CONFIDENTIAL – OPEN BY ADDRESSEE ONLY."

The Technical Proposal should be as brief and concise as possible. Section 2 should be as succinct as possible. It is required that this be no more than seventy-five (75) pages, plus any attachments. Responses that are unduly lengthy or verbose will be scored less favorably than those that are brief and concise. Bidders must use 12-point font, and line spacing must be 1.5. Every page of the proposal, except for Section dividers, must be numbered, starting at "1" and continuing sequentially throughout the entire proposal. This requirement applies to exhibits and tables, as well as narratives.

Each proposal part (Technical and Cost) must be bound separately on standard 8 ½" by 11" paper, except that charts and diagrams may be on fold-outs which, when folded, fit into the 8 ½" by 11" format. Figures and tables must be numbered and referenced in the text by that number. Any financial information provided on spreadsheets must be provided in Excel. Gantt charts must be provided where applicable.

The format and content requirements for the Technical and Cost Proposals must adhere to the instructions contained in this section of the RFP. Failure to respond to a specific requirement may be used as a basis for rejection of the proposal from further consideration, or result in a score of "zero" or a "fail" for a particular item. Emphasis should be placed on conformance to the RFP instructions, responsiveness to requirements, and completeness and clarity of content. Elaborate proposals are neither necessary nor desired. If the proposal is presented in a fashion that makes evaluation difficult or overly time consuming, it is likely that points will be lost in the evaluation process. Bidders shall not include any personal use items with the proposal. Bidders must restate the requirement or question prior to their response throughout the proposal.

All proposals must be delivered no later than the date shown in Section 1.16 of this RFP and only to the Procurement Officer at the address listed above.

4.4 Proposal Withdrawal

Prior to the proposal due date, a Bidder may withdraw their proposal by submitting a written request for its withdrawal signed by the Bidder's authorized agent. The written withdrawal request will be directed to the Procurement Officer at the address listed above.

4.5 Acceptance of Proposals

PEIA will accept all proposals submitted according to the requirements and deadlines specified in this RFP. Each Bidder may submit only one proposal. PEIA reserves the right to reject any or all proposals received. It is understood that all proposals, whether rejected or not, will become the

property of PEIA. After receipt of proposals, PEIA reserves the right to sign a contract, without negotiation, based on the terms, conditions, and premises of this RFP and the proposal of the selected Bidder(s) or to negotiate with a finalist or finalists.

All proposals must be responsive to all requirements in the RFP in order to be considered for Contract award.

After the opening of proposals, PEIA may ask any Bidder for written clarification of their proposal. In the event this clarification is requested, submission of the clarification shall be considered part of the original proposal.

PEIA reserves the right to waive any or all minor irregularities in proposals, providing such action is in the best interest of the PEIA. Where PEIA may waive minor irregularities, such waiver shall in no way modify the RFP requirements or excuse the Bidder from full compliance with RFP specifications and other Contract requirements if the Bidder is awarded the Contract. PEIA also reserves the right to reject any and all proposals received, or cancel this RFP, according to the best interest of PEIA.

Proposals must be valid for 180 days following the close date of this RFP. This period may be extended by written mutual agreement between the Bidder and PEIA.

4.6 Oral Presentations

At the option of PEIA, oral presentations by selected Bidders may be required. Bidders will be notified if an oral presentation is required. Any cost incidental to an oral presentation shall be borne entirely by the Bidder and PEIA shall not compensate the Bidder.

The Bidders should present complete, comprehensive proposals without relying on oral presentations, because PEIA reserves the right to award a contract without further discussions or an oral presentation. The Bidders may be requested to provide demonstrations of their proposed systems as part of their presentations.

Presentations will be recorded and any representations made during the oral presentation will become part of the Bidder's proposal and are binding if a contract is awarded.

4.7 Site Visits

PEIA may request a site visit to review the Bidder's facilities or its subcontractors' facilities. This may include, but not be limited to, a review of policies and procedures, and any other area of operation that directly or indirectly affects the provisions of the RFP, Contract or the delivery of health care services.

Any cost incidental to the site visit by the Bidder shall be borne by the Bidder. PEIA will be responsible for its own travel and accommodations.

A readiness review may also be conducted on-site at the selected Bidder's facilities following execution of the Contract and before implementation of the Pharmacy Benefit Management

services.

4.8 Contract Award Notice

The notice of the intended contract award shall be sent by certified mail or overnight mail to all Bidders who submitted a proposal. A contract award is contingent on approval by the PEIA Director.

4.9 Protest of Intended Award

Bidders that have submitted a ligation bond may protest the award in accordance with the following procedure. Protests based on the contract award must be submitted in writing to the Director of the West Virginia PEIA within five (5) working days from the date of this announcement. Protest should be sent to:

Ted Cheatham, Director
West Virginia Public Employees Insurance Agency
1900 Kanawha Boulevard, East
Building 5, Room 1001
Charleston, West Virginia 25305-7850
Telephone: (304) 558-6244, ext. 230

Protests may be submitted by FAX at (304) 558-4969.

All protests must contain:

1.) The name and address of the protesting proposer
2.) A statement of the grounds of the protest (See *Legal Standard* below)
3.) Supporting documentation (if available)
4.) The resolution or relief sought

Failure to submit all of this information shall be grounds for rejection of the protest by the Director of PEIA.

The PEIA may refuse to review any protests when the matter involved is the subject of litigation before a court of competent jurisdiction; if the merits have previously been decided by a court of competent jurisdiction; or if it has been decided in a previous protest by the Director of PEIA. Subcontractors under a proposer's proposal do not have standing to file a protest.

The Director will respond to the protest within five (5) days of receipt of the written notice at the offices of the PEIA.

Proposers in disagreement with the response of the Director may ask for further review of the protest by the Cabinet Secretary of the West Virginia Department of Administration.. The request for further review should be sent to the adress below within five (5) days of the Director's response:

Robert W. Ferguson, Jr., Cabinet Secretary
West Virginia Department of Administration

State Capitol Complex, Building 1, Room E-119
1900 Kanawha Boulevard, East
Charleston, WV 25305

Appeals may be submitted by FAX at (304) 558-2999.

If the protesting vendor believes that due to the nature of the contract award an expedited determination is required, a request that the matter be directed immediately to the Department of Administration Cabinet Secretary should be in the original protest submitted to the Director of PEIA. If the Director is in agreement with the reasons for the expedited request, the Director will forward the protest to the Department of Administration Cabinet Secretary and inform the requesting proposer of his/her actions.

Decisions by the Department of Administration Cabinet Secretary shall be considered to be the final level of administrative relief. Any further appeal of the administrative decision of the Department of Administration Cabinet Secretary must be directed to the Circuit Court of Kanawha County, Charleston, West Virginia.

Legal Standard

A protesting vendor should be advised, that the legal standard for a successful challenge has been established by the W. Va. Supreme Court as follows:

> "A State agency which awards a public contract upon criteria other than price is clothed with a heavy presumption that the contracting agency has properly dischared its duties and excercised discretionary powers in a proper and lawful manner; accordingly, the burden of proof in any action challenging the award of a contract by an unsucessful bidder or taxpayer is upon the challenger who must show fraud, collusion, or such an abuse of discretion that it is shocking to the conscience." Syl. Pt.3 *State ex rel. E.D.S. Federal Corp. v. Ginsberg*, 163 W.Va. 647, 259S.E.2d (1979).

4.10 Restrictions on Communications with State and Other Personnel

From the issue date of this RFP, shown in Section 1.16, until a Bidder is selected and announced, Bidders are prohibited from communicating with any PEIA representatives regarding this procurement, except for the contact listed as the Procurement Officer. This provision is not intended to restrict existing Bidders from communicating with PEIA staff regarding ongoing operational matters. ***All communications related to this RFP are restricted to written communications except as set forth below.*** Bidders may not engage in attempting to influence, or lobbying activity, to influence the selection process via any unauthorized contact with any employee or officer of the PEIA or the state of WV. Violation of this requirement shall disqualify the Bidder from further consideration. Any Bidder, by submitting its proposal, acknowledges that it will refrain from lobbying with, or otherwise contacting any of the above referenced individuals to try to influence the outcome of the selection process.

- The only *exceptions* to these restrictions are: PEIA staff and/or Bidder staff present at the Bidders' Conference for the purpose of addressing questions; or

- PEIA personnel involved in Oral Presentations by the Bidder

As described in this RFP, any clarification regarding the RFP will be issued in writing by PEIA. No statements, clarifications, or opinions regarding this RFP are valid or binding except those issued in writing by PEIA. **Under no circumstances will questions be entertained except in writing or at the Bidders' Conference.**

4.11 Evaluation Methodology

The purpose of this section is to explain the criteria that will be used in evaluating the proposals. Each proposing entity will be evaluated using these criteria. As stated earlier, each proposing entity must submit the following items to be evaluated:

- Response to the Mandatory Proposal Requirements
- Response to Participation Standards (Technical Proposal)
- Signature Page (to be submitted under separate cover with the technical proposal; Transmittal Form B-1)
- Cost Proposal (to be submitted sealed under separate cover)
- Signature Page (to be submitted under separate cover with the cost proposal; Transmittal Form B-1)

4.11.1 Mandatory Proposal Requirements

THESE ARE ABSOLUTE REQUIREMENTS. FAILURE TO MEET ANY ONE OF THE REQUIREMENTS LISTED BELOW SHALL RESULT IN DISQUALIFICATION FROM FURTHER CONSIDERATION IN THIS BID PROCESS.

The Bidder must have at least five (5) years operating experience administering POS pharmacy benefit projects, including design, development, implementation, and operation. In addition, the Bidder must have previous experience with other plans of similar size and scope. The following are key statistics that must be met by the Bidder:

- Currently managing drug benefits for more than 2 million lives with at least one client with at least 200,000 covered lives; and
- Processing more than 16 million drug claims a year.

Specific requirements are:

1. Have five or more years of PBM experience. If a PBM has acquired or merged with another PBM, that firm's previous experience may count toward this time requirement. If this is the case, describe the relevant history.
2. Minimum Program Requirements. The Bidder must demonstrate, through its proposal, that its program includes the following elements:
    (a) An operational POS electronic adjudication process that shall be in compliance with all Federal and State regulations and mandates, as described herein, which include (but are not limited to): eligibility verification; POS edits and drug monitoring; audits; pharmaceutical manufacturer liaison; prior authorization; Drug Utilization Review; billing and reimbursement; e-prescribing, and reporting. This must be real time on-line adjudication twenty-four (24) hours per day, seven (7) days per week.
    (b) An automated system that can interface with PEIA systems, for eligibility and file transfers.
    (c) Proposed implementation timeline following execution of a contract.

3. The Bidder must accept the performance standards, corrective actions, Section 5, Contractual Services Terms and Conditions, and liquidated damages identified in this RFP. Performance standards are attached to this RFP.
4. Identify all owners and subsidiaries that own or exert control of more than five (5) percent of the organization. Additionally, provide the names of organizations you own or control more than five (5) percent. Provide this information for sub-contractors as well.
5. The Bidder must identify all subcontractors and the subcontractor's scope of work, as specified, and include all relevant disclosures.
6. The Bidder must meet all other submission requirements.
7. The Bidder must identify all clients that compose more than 10% of their business portfolio and the percentage.
8. Bidders must include an implementation timeline following execution of a contract within the proposal submitted.

4.11.2 Technical Proposal

Only proposals meeting the Mandatory Proposal Requirements will have their Technical Proposals reviewed. This review includes:

- Bidder Capability, Qualifications and Experience;
- Qualified Personnel and Location;
- Approach and Methodology for Implementation and Continued Operations;
- Work Statement Participation Standards;
- Overall appropriateness of Response;

4.11.3 Cost Proposal

A description of how Bidders should structure the cost proposal is provided in Appendix C of this RFP. The Cost Proposal must be submitted under separate cover and will be evaluated separately using the form in Appendix C. Vendors wishing to request preference for residency status must complete the Vendor Preference Certificate in Appendix G.

Since there maybe no opportunity for Bidders to revise the pricing, the Bidder should carefully calculate and propose its prices for the services requested herein. Notwithstanding this provision, the PEIA reserves the right to discuss with and negotiate with any or all of the Bidders.

4.11.4 Evaluation

A point evaluation system has been designed. A total score of 100 points is possible for the technical and cost proposals combined. The technical proposal will represent 70 points (70%) of the total evaluation score while the cost proposal will represent 30 points (30%). Finalist presentations and site visits may be used to validate the information presented in the proposal. As such, information obtained during oral presentations and/or site visits may be used to adjust the technical scores.

Proposing entities will be selected for the finalist presentation if they obtain a minimum acceptable score for the service(s) they propose. The minimum acceptable score for each technical proposal will be set at 70% (70 points X 70% = **49 points**) of the total technical score.

4.12 Information Required From Bidders

The proposal must be submitted in the format outlined below. There should be no attachments, enclosures, or exhibits other than those considered by the Bidder to be essential to a complete understanding of the proposal submitted. Each section of the proposal should be clearly identified and sequentially numbered with appropriate headings.

4.12.1 Transmittal Letter

A transmittal letter must accompany the proposal, signed in blue ink by an official authorized to bind the Bidder to proposal provisions. The transmittal letter must be placed at the very beginning of the General Technical section. The letter must include a statement that the RFP terms are accepted. Bidders must also include a statement in the letter certifying that the price was arrived at without any conflict of interest.

4.12.2 Format

Applicants must organize the General Technical section of their proposals as follows:

- Transmittal Form (B-1)
- Compliance with Participation Standards
- Other Technical Submission Forms (Forms B-2 to B-5)

4.12.3 Transmittal Form

The Transmittal Form (B-1) should be placed at the very beginning of the General Technical section. It must be signed by an individual duly authorized to make commitments on the applicant's behalf. **Reminder**: *All original signatures must be signed in blue ink.*

4.12.4 Bidder's Organization

The following items must be included in a document titled "Business Organization" and must accompany the transmittal letter.

- The full name and address of the Bidder organization and, if applicable, the branch office or other subordinate element that shall perform, or assist in performing, the work hereunder.
- Indicate whether it operates as an individual, partnership, or corporation; if as a corporation, include the state in which it is incorporated.
- If appropriate, specify whether it is licensed to operate in the state of WV.
- List all subcontractors that perform key functions of your organization (For example, do not provide information for subcontractors that perform menial tasks such as housekeeping, etc.); include firm name and address, contact person, and complete description of work to be subcontracted. Include descriptive information concerning subcontractor's organization, abilities, and commitment to the contract period.
- Provide annual audited financial reports for the past three (3) years for the Bidder and any subcontractor.

- Identify all owners and subsidiaries that own or exert control of more than five (5) percent of the organization. Additionally, provide the names of organizations of which the Bidder owns or controls more than five (5) percent. Provide this information for sub-contractors as well.
- If the Bidder or subcontractor is an affiliate of another organization, submit the financial information for the parent company and describe the relationship.

4.12.5 Location

Indicate the site or sites from which the Bidder will perform the relevant tasks listed in this proposal. This should be provided with along with the transmittal forms.

Specifically identify where the following activities will take place:

- Claims processing;
- Member and provider services;
- Project/Account Management;
- Prior Authorizations; and
- Mail Order and Specialty Pharmacy Services;

4.12.6 Affiliations

Describe all affiliations or ownership relationships (of 5% or more), with potential suppliers of pharmaceuticals or pharmacy services to PEIA, including:

- Pharmacy services;
- Mail order pharmacy services;
- Drug manufacturing; and
- Drug distribution;

Explain how the Bidder can assure PEIA that these relationships will not create a conflict of interest with PEIA. This should be provided along with the transmittal forms.

4.12.7 Relevant Experience

Proposals shall include at least five (5) business references that demonstrate the Bidders' prior experience in areas for which services are being offered. Each reference shall include the contact name, address and telephone number of the client, organization, and the responsible project administrator familiar with the firm's performance. Include a description of the services the Bidder is providing to these clients and the number of covered lives as well the initial date of the business relationship. If the Bidder is presently providing these or similar services for other states, those references should be included. PEIA reserves the right to request additional references.

Include the same information as above for the 5 largest former clients that have terminated their contracts with your organization since December 31, 2003. Points will be deducted for failure to supply this requested information in its entirety. This information must be provided using forms B-2 and B-3 from Appendix B.

4.12.8 Bidder's Staffing

The Bidder is responsible for providing all resources necessary to develop, implement and operate the System(s) as specified in this RFP. Notwithstanding this general requirement, PEIA requires that the Bidder commit certain dedicated staff resources that will act as single points-of-contact, as specified below.

The Bidder must provide an assigned Project/Account Manager(s) and Director who will act as the single point-of-contact representing the Bidder during the development and implementation phase as well as during the on-going relationship of the contracting period.

The PEIA expects the Project/Implementation Team to be committed full-time during the development and implementation and is/are accessible to PEIA during work hours during the development and implementation phases. The Bidder must also identify one individual who will be the primary contact person. This individual must be authorized to commit the resources of the Bidder in matters pertaining to performance of the contract. The Bidder must confirm that this Individuals' sole responsibility will be managing the PEIA account during the implementation.

In addition to the Account Manager and Account Director, the Bidder must provide the services of a dedicated Clinical Manager to provide clinical support to the PEIA. The Bidder must clearly indicate the extent its staff will be dedicated to the PEIA account. Forms B-4 and B-5 from Appendix B must be used to provide this information.

CHAPTER 5 - CONTRACTUAL SERVICES TERMS AND CONDITIONS

5.1 Term of Contract

Prescription drug benefit management services are being requested from *one* bidder for an initial thirty-six (36) month period with possible annual renewals thereafter. .

5.2 Contract Administrator

Upon approval of a Contract, and following execution of said Contract, PEIA shall direct the Bidder to administer the Contract on a day-to-day basis during the term of the Contract. However, administration of any Contract resulting from this Request implies no authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions, and specifications of such Contract. That authority is retained by PEIA and other authorized representatives and these appointees are subject to change.

5.3 Cost Liability

PEIA assumes no responsibility or liability for costs incurred by the successful Bidder prior to the signing of any Contract resulting from this RFP. PEIA's responsibility and liability is limited to the terms and conditions of any Contract resulting from this RFP.

5.4 Bidder Responsibilities

The Bidder shall be required to assume responsibility for all contractual activities offered in this proposal whether or not that Bidder performs them. Further, PEIA shall consider the Primary Bidder to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the anticipated Contract. If any part of the work is to be subcontracted, responses to this RFP should include *a list of subcontractors, including firm name and address, contact person, complete description of work to be subcontracted, and descriptive information concerning subcontractors organizational abilities*. PEIA reserves the right to approve subcontractors for this project and to require the Primary Bidder to replace subcontractors found to be unacceptable. The Bidder is totally responsible for adherence by the subcontractors to all provisions of the Contract.

The Bidder and any subcontractors must commit to the entire contract period stated within this RFP, unless PEIA specifically agrees to a change of subcontractors. The Agreement between the Bidder and PEIA will not be assignable to another party without prior written permission from PEIA. The Bidder shall provide advance notice to PEIA on any intended sale of the contracting entity. PEIA will have the option of terminating the Contract with the Bidder upon the sale of the contracting entity.

5.5 News Releases

From the time the RFP is released and until a successful Bidder is announced, news releases pertaining to this document or the services, study, data, or project to which it relates, shall not be made without prior written PEIA approval, and then only in accordance with the explicit written instructions from PEIA. No results of the program are to be released without prior written approval of PEIA and then only to persons designated.

5.6 Freedom of Information/Disclosure

All documents in this RFP process are subject to West Virginia's Freedom of Information Act (FOIA) and may be disclosed upon request. The Bidder must clearly identify which data are considered proprietary. If PEIA receives a FOIA request for data, labeled by the Bidder as proprietary, PEIA will notify the Bidder, in writing, of the request to allow the Bidder time to obtain the appropriate court order to prevent the release of the information. Otherwise, PEIA will be compelled by state law to release such information.

5.7 HIPAA Compliance

The Bidder must agree to become a business associate of the PEIA, it must have policies and procedures in place consistent with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) standards for privacy and security of protected health information (45 CFR Parts 160 and 164) and any other applicable state or Federal law related to the privacy or security of information. The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the attorney General, and available online at the Purchasing Division's website (http://www.wv.us/admin/purchase/vrc/hipaa.htm) is hereby made part of the agreement.

5.8 Gratuities or Kickbacks

By submission of a proposal, the Bidder represents that it has not retained any person, agency, or entity to solicit or secure a State contract upon an agreement or understanding for a commission or a percentage, brokerage, or contingent fee. The State will not pay any brokerage fees for securing or executing any of the services outlined in this RFP. Therefore, all proposed fees must be net of commissions and percentage, contingent, brokerage, service, or finder's fees.

5.9 Retainage

The Bidder shall include an affirmative statement in the proposal agreeing to a retainage of five percent (5%) of the total contract amount. Retainage may be made on each payment to the selected Bidder as described in this RFP, if required by any contracting entity.

Should the contract be terminated for any reason related to the Bidder's failure to perform Contract duties to the satisfaction of PEIA, this retainage shall revert to the PEIA as liquidated damages in addition to the other penalties and/or damages stated in this RFP.

5.10 Appropriations

If the contract extends into more than one fiscal year (July 1 to June 30), and if appropriations are insufficient to support the contract, PEIA may cancel at the end of the fiscal year, or otherwise upon the expiration of existing appropriation authority.

5.11 Litigation Bond

Each Bidder responding to this RFP is required to submit a litigation bond in the amount of 5% of submitted bid, made payable to the West Virginia Public Employees Insurance Agency. A surety company licensed to do business in the State of West Virginia with the West Virginia Insurance Commission, on a form acceptable to the State, and countersigned by a West Virginia Resident Agent must issue this bond. The only acceptable alternate forms of the bond are (1) company certified check (not an individual) and (2) a cashier's check.

The purpose of the litigation bond is to discourage unwarranted or frivolous lawsuits pertaining to the award of a contract from this RFP. Secondly, the bond provides a mechanism for the State of West Virginia, the Agency, and it's officers, employees, or agents thereof to recover damages, including (but not limited to) attorney fees, loss of revenue, loss of grants or portions thereof, penalties imposed by the federal government and travel expenses which may result from any such litigation. A claim against the bond will be made if the Bidder contests the award in a court of competent jurisdiction and the grounds are found to be unwarranted or frivolous based on the facts of the award or applicable law as determined by the court.

The bond or alternate form must remain in effect for two years from the proposal submission date. After six (6) months, each Bidder may request, and the State anticipates granting, a release of the litigation bond or alternate form. However, the Bidder will be required to provide a release (signed and notarized in a form that is acceptable to the State) prior to release of the bond which states that the Bidder will not sue.

Failure to submit an appropriate bond or Litigation Waiver Form (Appendix F) with the proposal at the time of bid opening will result in automatic disqualification of the Bidder's proposal and the proposal will be considered non-responsive.

5.12 Performance Bond

A performance Bond must be provided by the selected Bidder before execution of a contract with PEIA. The bond must be in the amount of one-hundred percent of the first year's total payments under the contract. The bond must provide for the forfeiture of that amount to PEIA if the successful Bidder does not perform its obligation under the contract. The bond must be in a form acceptable to PEIA and issued by an insurer licensed by the West Virginia Insurance Commissioner.

5.13 Miscellaneous Provisions

The following provisions will be incorporated into any agreement entered into between PEIA and the successful bidder. The successful bidder will be asked to sign a form accepting the provisions described below.

5.13.1 Arbitration

Any references to arbitration contained in the agreement are hereby deleted. Claims against PEIA or the State of West Virginia arising out of the agreement shall be presented to the West Virginia Court of Claims.

5.13.2 Hold Harmless

Any clause requiring the Agency to indemnify or hold harmless any party is hereby deleted in its entirety. The successful bidder must indemnify and hold harmless the State of West Virginia and PEIA for its acts or omissions arising out of the contract.

5.13.2 Governing Law

The agreement shall be governed by the laws of the State of West Virginia. This provision replaces any references to any other State's governing law.

5.13.3 Taxes

Provisions in the agreement requiring the Agency to pay taxes are deleted. As a State entity, the Agency is exempt from Federal, State, and local taxes and will not pay taxes for any Vendor including individuals, nor will the Agency file any tax returns or reports on behalf of Vendor or any other party.

5.13.4 Payment

Any references to prepayment are deleted. Payment will be in arrears. As per West Virginia State Law, PEIA will pay all uncontested invoices within sixty days of receipts at PEIA offices.

5.13.5 Interest

Should the agreement include a provision for interest on late payments, the Agency agrees to pay the maximum legal rate under West Virginia law. All other references to interest or late charges are deleted.

5.13.6 Recoupment

Any language in the agreement waiving the Agency's right to set-off, counterclaim, recoupment, or other defense is hereby deleted.

5.13.7 Fiscal Year Funding

Service performed under the agreement may be continued in succeeding fiscal years for the term of the agreement, contingent upon funds being appropriated by the Legislature or otherwise being available for this service. In the event funds are not appropriated or otherwise available for this service, the agreement shall terminate without penalty on June 30. After that date, the agreement becomes of no effect and is null and void. However, the Agency agrees to use its best efforts to

have the amounts contemplated under the agreement included in its budget. Non-appropriation or non-funding shall not be considered an event of default.

5.13.8 Statute of Limitation

Any clauses limiting the time in which the Agency may bring suit against the Vendor, lessor, individual, or any other party are deleted.

5.13.9 Similar Services

Any provisions limiting the Agency's right to obtain similar services or equipment in the event of default or non-funding during the term of the agreement are hereby deleted.

5.13.10Attorney Fees

The Agency recognizes an obligation to pay attorney's fees or costs only when assessed by a court of competent jurisdiction. Any other provision is invalid and considered null and void.

5.13.11Assignment

Notwithstanding any clause to the contrary, the Agency reserves the right to assign the agreement to another State of West Virginia agency, board or commission upon thirty (30) days written notice to the Vendor and Vendor shall obtain the written consent of Agency prior to assigning the agreement.

5.13.12Limitation of Liability

The Agency, as a State entity, cannot agree to assume the potential liability of a Vendor. Accordingly, any provision limiting the Vendor's liability for direct damages or limiting the Vendor's liability under a warranty to a certain dollar amount or to the amount of the agreement is hereby deleted. In addition, any limitation is null and void to the extent that it precludes any action for injury to persons or for damages to personal property.

5.13.13Right to Terminate

Agency shall have the right to terminate the agreement upon Ninety (90) written notice to Vendor.

5.13.14Termination Charges

Any provision requiring the Agency to pay a fixed amount or liquidated damages upon termination of the agreement is hereby deleted. The Agency may only agree to reimburse a Vendor for actual costs incurred or losses sustained during the current fiscal year due to wrongful termination by the Agency prior to the end of any current agreement term. Upon termination of this agreement, or any extension thereto, the Bidder has the duty to continue to provide any reports required by the agreement or any law or regulation.

5.13.15Renewal

Any reference to automatic renewal is hereby deleted. The agreement may be renewed only upon mutual written agreement of the parties.

5.13.16Insurance

Any provision requiring the Agency to insure equipment or property of any kind and name the Vendor as beneficiary or as an additional insured is hereby deleted.

5.13.17Right to Notice

Any provision for repossession of equipment without notice is hereby deleted. However, the Agency does recognize a right of repossession with notice.

5.13.18Acceleration

Any reference to acceleration of payments in the event of default or non-funding is hereby deleted.

5.13.19Amendments

All amendments, modifications, alterations or changes to the agreement shall be in writing and signed by both parties.

Appendix A - Performance Standards and Penalties

The Bidder must agree to abide by the Performance Standards and Penalties specified in the following table.

Service Performance Guarantees	Standard	Penalty
1. Network Size	At least 93% of members will have 1 network pharmacy within 10 miles if any retail pharmacy is available in that distance. Bidder shall perform a GeoAccess analysis of members upon request of PEIA, and shall notify PEIA any time the number of network pharmacies in West Virginia decreases by 3% or more	$60,000 for the year in which access is not met. Performance will be reported quarterly, if applicable. Penalties, if any, will be paid annually.
2. Retail Point-of-Sale Claims Adjudication Accuracy	Bidder guarantees a financial accuracy rate of at least 98% for all Rx claims processed at point-of-sale.	$60,000 for the year in which this standard is not met. Performance will be measured by an annual audit conducted by PEIA
3. Point-of-Sale Network System Downtime	Bidder guarantees that the Anchor claims processing system will be operating at least 99.5% of scheduled uptime of 162 hours per week, as measured annually on the Bidder book-of-business.	$60,000 for the year in which this standard is not met. Performance will be reported quarterly. The guarantee will be measured and penalties, if any, will be paid annually.
4. Reporting Requirements	Bidder guarantees that all claims information will be available for electronic reporting within 10 business days after billing, and that Executive Reports and Performance Guarantee Reports will be available 45 days after the end of the calendar quarter	$5,000 for any month in which this standard is not met. This guarantee will be measured monthly and reported quarterly. Penalties, if any, will be paid quarterly.
5. Desk Audits	Bidder will perform desk audits on at least 10% of network pharmacies each year.	$60,000 for the year in which this standard is not met. Performance will be reported quarterly and measured annually.

		Penalties, if any will be paid annually.
6. On-Site Audits	Bidder will perform on-site audits of at least 10% of West Virginia pharmacies that are identified in desk audits as outliers, according to a mutually agreed-upon definition of outlier	$60,000 for the year in which this standard is not met. Performance will be reported quarterly and measured annually. Penalties, if any will be paid annually.
7. Call Answering Time	Bidder guarantees that the average speed of answer (ASA) of member calls will not exceed 30 seconds, excluding calls abandoned before answering.	$5,000 for any month in which this standard is not met. This guarantee will be measured monthly and reported quarterly. Penalties, if any, will be paid quarterly.
8. Call Abandonment Rate	Not more than 3% of member calls will be abandoned. Abandoned calls do not include outages caused by phone company.	$5,000 for any month in which this standard is not met. This guarantee will be measured monthly and reported quarterly. Penalties, if any, will be paid quarterly.
9. Turnaround time on Correspondence	Bidder shall respond to all correspondence from recipients and providers within an average of five (5) business days.	$5,000 for any month in which this standard is not met. This guarantee will be measured monthly and reported quarterly. Penalties, if any, will be paid quarterly.
10. Mail Order	Bidder will guarantee that all mail service prescriptions will be shipped within an average of 5 business days or less from receipt by Bidder.	$5,000 for any month in which this standard is not met. This guarantee will be measured monthly and reported quarterly. Penalties, if any, will be paid quarterly.

Appendix B – Transmittal Forms

B-1 Transmittal Form

I hereby attest to the following on behalf of _____:

- We have read, understand, and are able and willing to comply with all standards and participation requirements described in the RFP for the programs in which we are applying to participate, as well as in the corresponding contracts;
- All of the information contained in this proposal is accurate and truthful to the best of our knowledge;
- This proposal will be held firm until at least December 31, 2007; and
- Neither we, nor any of our representatives have paid, agreed to pay, or will pay directly or indirectly to any person, firm, or corporation any money or valuable consideration for assistance in procuring or attempting to procure the agreement(s) referred to herein.

_____	_____
Signature	Name (Print)
_____	_____
Title	Date

Applicant point of contact regarding proposal:

Name:_____

Title: _____

Tel: _____

Fax: _____

B-2 – Top Five Clients Form

Instructions to Bidders: Complete the chart, listing your top 5 clients/groups starting with the largest number of covered lives (other than PEIA). Include current phone number and address for contact persons. Points will be deducted for failure to provide contact information.

	Client/Group	Number of Enrollees	Initial Offer Date	Contact Name	Address	Telephone Number
1						
2						
3						
4						
5						

B-3 – Terminated Contracts Form

Instructions to Bidders: Complete the chart below, listing the 5 largest groups that have terminated their contracts with your plan since December 31, 2003. Include current phone number and address for cooperative contact persons. Points will be deducted for failure to provide contact information.

	Client/Group	Number of Enrollees	Initial Offer Date	Contact Name	Address	Telephone Number
1						
2						
3						
4						
5						

B-4 – Plan Management Form

Instructions to Applicants: Identify the Account Team that will be devoted to PEIA. Also indicate whether the position is salaried or contracted. Include up-to-date resume for each individual (or a job description for vacant positions) behind this form.

Position	Name	Date of Hire	% FTE PEIA	*Check the Appropriate Box*	
				Salaried	Contracted
CEO/Executive Director					
CFO					
*Account Director					
*Account Manager					
*Clinical Manager					
Medical Director					
QA/QI Director					
UM Director					
Member Services Director					
Provider Services Director					
Complaints/Grievances Director					
Claims Director					
MIS Director					
Other: _____					

*** Bidder must provide an Account Director, Account Manager, and Clinical Manager**

B-5 – Staffing Form

Instructions to Applicants: Indicate the number of non-clerical, non-secretarial FTEs employed or contracted in each of these areas. Also indicate the number of additional FTEs anticipated for hire/contracting if awarded a contract in all regions bid.

Function	**Current FTE Count**	**Additional to Hire**	**Total**	**% of Total to be Devoted to PEIA**
Accounting and Budgeting				
Medical Director's Office				
QA/QI				
Medical Management				
Member Services				
Provider Services				
Complaints/Grievances				
Claims				
MIS				

Appendix C - Cost Proposal

Please note: Claims and pharmacy information will be sent separately from this RFP. Receipt of this information requires attending the Mandatory Bidder's Conference and signing the PEIA Limited Data Use Agreement (Appendix D).

The questions in this section have been carefully crafted in order to ensure an accurate and fair comparison of proposals. The instructions and notes at the beginning of each section detail the PEIA's Cost Proposal requirements for each component of its pharmacy benefit program. Please keep these requirements in mind when constructing your financial proposal. Complete all tables in this section using the provided format. Use footnote references to clearly explain all qualifications or conditions in your response. Financial Proposals that do not use these formats will not be considered.

A. PEIA Cost Proposal Requirements

a. Indicate your organization's acceptance of the PEIA Cost Proposal requirements by completing the table below.

Proposal Element	PEIA Requirement	Bidder Acceptance (Y/N)
Network Pass-through	Bidder must agree to pass-through 100% of its negotiated pharmacy provider discounts, Maximum Allowable Cost (MAC) rates and dispensing fees. Bidder will not be allowed to retain a margin or "spread" on any of its retail pharmacy reimbursement contracts.	
Network Reimbursement	Bidder must adjudicate all retail claims at the lesser of: (a) The contracted network discount + dispensing fee; (b) MAC + dispensing fee; or (c) The provider's Usual & Customary (U&C) amount.	
Claim Pricing	Bidder must agree that plan members always pay the lesser of the plan's co-pay, the provider's usual and customary (U&C) price or the eligible charge (i.e., discounted cost +dispensing fee).	
Claim Pricing	Bidder must agree that any rounding in the calculation of the discounted cost must be consistently applied to retail, mail order and specialty claims.	

Retail Brand Discount	Bidder must offer a minimum brand discount guarantee based on the required full network pass-through arrangement.	
Retail Generic Discount	Bidder must offer a minimum overall effective generic discount, inclusive of the Bidder's Maximum Allowable Cost (MAC) reimbursement.	
MAC Pricing	Bidder must offer a minimum effective MAC guarantee for retail and mail order multi-source generic drugs (Note: Must use same MAC pricing for retail and mail order).	
Retail Dispensing Fees	Bidder must provide a maximum dispensing fee guarantee for retail brand and generic drugs.	
Mail Order Pricing	Bidder must provide guaranteed mail order discounts and dispensing fees. Each PEIA mail order claim must be priced at the guaranteed rates. Bidder must agree to pass-through 100% of discounts and dispensing fees, as Bidder will not be allowed to retain a margin or "spread" if mail order service is subcontracted.	
Mail Order Shipping Costs	Bidder must underwrite all mail order shipping costs in the proposed mail order pricing (except for instances where expedited delivery is requested by the member). Dispensing fees may not be adjusted during the contract term for postage rate increases.	
Specialty Pharmacy Pricing	Bidder must provide guaranteed specialty discounts and dispensing fees, if any. Each PEIA specialty pharmacy claim must be priced at the guaranteed rates. Bidder must agree to pass-through 100% of discounts and dispensing fees, as Bidder will not be allowed to retain a margin or "spread" if specialty pharmacy service is subcontracted.	
Retail Maintenance Network	Bidder must offer the same mail order pricing to retail pharmacies to match any co-payment advantages received at mail order.	
Administrative, Clinical and Other Miscellaneous Fees	Bidder must propose administrative fees on a per member per month, unless otherwise	

	indicated. The PMPM component (of the total PMPM) for prior authorization review services must be provided in case PEIA elects to use the services of another vendor.	
Transition Fees	The proposed fees must include Bidder's cooperation in transitioning the PEIA at the contract's end. No additional charges will be assessed to the State to support transitioning to a new Bidder for services including open prior authorization files, drug coverage documentation, custom formulary files, claims extracts, etc.	
Prior Authorization Fees	Bidder must agree to implement existing prior authorization lists or provide suggestions for an alternate list of PAs. PEIA reserves the right to make the final decision	
Rebates	Bidder must agree to pass-through to all pharmaceutical rebates (e.g., formulary, incentive, market share, manufacturer administrative fees, etc.) subject to the terms specified in Section G of the Cost Proposal. This includes all Specialty rebates when received from the manufacturer.	
Rebates	Bidder must offer a minimum 'per claim' rebate guarantee for the PEIA based on each formulary bidder is proposing.	
Rebates	Bidder agrees that its rebate guarantees do not require mandatory participation of the PEIA in therapeutic interchange or related formulary management programs.	
Guarantees	Bidder agrees that all of its performance guarantees shall be reconciled consistent with Appendix A and 5.12.	
Guarantees	Bidder agrees that all the PEIA prescription claims that are reimbursed at the providers' U&C rates will be excluded from the reconciliation of all discount guarantees.	

B. **Retail Network Pricing and Provider Reimbursement**

For the retail pharmacy network that you have listed in Section 2.2 of the RFP, complete the table below with the proposed pharmacy network pricing for PEIA. If you are proposing more than one retail network, separate pricing tables should be provided for each network arrangement broken out the same way. A claims data file from July 1, 2006 to June 30, 2007 for the PEIA will be provided to assist with your response.

Note: The information provided in this table will be scored based on the price guarantees you quote. The pricing estimates you provide will not be considered for scoring unless they are guaranteed. Bidders are advised to quote their most competitive price guarantees in order to receive the highest possible score on the Financial Proposal.

B1.

	PEIA Retail Network	**Contract Period**
a.	Name of Proposed Network	
b.	Total Number of Network Pharmacies	
c.	Number of Network Pharmacies in West Virginia	
	Brand Drug Pricing	
d.	Minimum aggregate discount guarantee. *Note: guarantee must exclude MAC'd multi-source brands and claims priced at U&C.*	AWP – __%
e.	Maximum aggregate dispensing fee guarantee per paid claim.	$____ per brand Rx
f.	Estimated result of 100% pass-through of contracted network rates.	AWP - __% + $____ per brand Rx
	Generic Drug Pricing	
g.	Minimum overall effective discount guarantee. *Note: guarantee must include both MAC and non-MAC generic claims but exclude claims priced at U&C.*	AWP – __%
h.	Maximum aggregate dispensing fee guarantee per paid claim.	$____ per generic Rx
i.	Detail any generic dispensing incentive that will be paid to providers, if any, in addition to the dispensing fees identified above.	$_____
j.	Estimated result of 100% pass-through of network rates.	AWP - __% + $____ per generic Rx

B2. Please disclose any network re-contracting efforts, either planned or underway, that would affect your proposed pricing.

B3. Provide your organization's actual contracted rates for the top 50 pharmacies most highly utilized by PEIA members in the same format as section B1 f and j.

C. MAC Pricing

C1. For the MAC list your organization proposes for PEIA provide the following information. Note: PEIA requires 100% pass-through of contracted retail network rates, including MAC pricing. PEIA requires the same MAC is used at both retail and mail order.

	MAC List for PEIA	Contract Period
a.	Name of the proposed MAC List	
b.	Guaranteed effective MAC generic discount	AWP - __%

C2. What percent of your multi-sourced generic drugs are subject to MAC? Please specify as a percent of all available multi-source generic drugs and as a percent of all multi-source generic drugs dispensed.

C3. Complete the table in Exhibit A for the PEIA Top 200 generic drugs. The unit MAC prices used to complete this table must originate from the list you propose in C1 above. Provide the per unit MAC price that would be charged to PEIA effective as of July 1, 2007.

C4. Describe the Bidder's pricing methodology for generics that are not on the Bidder's MAC list.

C5. How does your MAC pricing compare to AWP?

C6. How does your MAC pricing compare to the Federal Upper Limit (FUL) pricing?

C7. Include a copy of the Bidder's current MAC list, with prices, on both hard copy and on diskette as an Excel file.

D. Specialty Drug Pricing

D1. Provide your organization's proposed pricing for specialty and biotechnology drugs by completing table below.

Specialty Pricing for PEIA	Contract Period
Brand Discount	AWP - ___%
Generic Discount[1]	AWP - __%
Dispensing Fee	$_____ per Rx

E. Mail Order Pricing

E1. Complete the following table with the proposed mail order pricing for PEIA.

Mail Order Pricing for PEIA	Contract Period
Brand Discount	AWP - ___%
Generic Discount[2]	AWP - __%
Dispensing Fee	$_____ per Rx

[1]The guaranteed specialty generic discount must be inclusive of all single-source generic (SSG) products.

[2]The guaranteed mail order generic discount must be inclusive of all single-source generic (SSG) products.

F. Administrative Fees

F1. Complete the table below with the proposed administrative fee for PEIA. All administrative fees pertaining to this proposal must be included in the PMPM charge. There will be no direct costs billed to PEIA (i.e., postage costs, such as the cost of stamps or meters, will not be charged to PEIA) and should be included in the PMPM quoted. The only consideration for shared savings arrangements would be upon actual evidence of a flat or negative unadjusted trend in a particular category. The evaluation will be conducted by PEIA. For purposes of comparison, complete the following table:

Administrative Fee	Contract Period
Per Member Per Month (PMPM)	$_____
Services to include all PEIA requirements for: o Claims Processing[3]; o Account Services and Account Management; o Member Services and Call Center; o Medicare Part D, if included at a later date, whether PDP, RDS, or alternative benefit; o Coordination of Benefits; o Network Management; o Systems Maintenance; o Data Management and Reporting; o Eligibility Administration; o Clinical and Formulary Management; o Decision Support and Plan Design/Formulary Modeling; o Network Pharmacy Audits o Quantity Level Limit (QLL) System Edits & Support o Prior Authorization (PA) Edits & Support o Duration of Therapy Edits & Support o Step Therapy Edits & Support o Dedicated Clinical Service Team o All Administrative/Technical PA Reviews/Overrides[3] o Clinical Reviews/Overrides for Current PA Volume[4] o First Level Appeal Determinations o PA and QLL Criteria Development o Concurrent, Prospective, Retrospective DUR, and Educational Programs ; o Implementation/Transition Assistance, as applicable o RxHub Connectivity	

[3] Claims processing includes retail, mail order, specialty, electronic, member/pharmacy paper submitted, and batch claims

[4] Includes refill-too-soon, for dose change only, and cost exceeds maximum overrides that do not require a physician/pharmacist review.

[5] See additional information in F4 below. PEIA has provided the current volume of clinical reviews

F4. Currently, PEIA utilizes a vendor, other than the PBM, to review PA, ST, and QL requests. Bidder must confirm their understanding that services such as these, but not limited to these, may be contracted with other vendors. If PEIA chooses to retain its current vendor for these services, the Bidder must clearly indicate the associated cost reduction in the proposed PMPM.

F5. For individual clinical authorization requests where more than one review occurs (i.e., multiple reviews for same patient and/or drug), only one fee may be charged. *Note: the selected Bidder must either implement the current PEIA PA, ST, and QLL programs or offer their recommendation of such programs. Final decision lies with PEIA.*

Additionally, these fees will not apply to administrative reviews (e.g., refill too soon (for dose change only) and price exceeds maximum) as any costs associated with administrative reviews are to be included in the administrative fee (F1, above).

a.	Current PEIA annual clinical review volume baseline	28,688
b.	Current CHIP annual clinical review volume baseline	956
c.	Current Access annual clinical review volume baseline	367

G. Rebate Administration

G1. Complete the following table based on the guaranteed rebate proposal for PEIA.

Note: Bidders should propose a PDL(s) for PEIA.

PEIA (Refer to Exhibit B)		
Estimated PY07 Results:	Average Membership	
	Total Rx Count	
	Percent of Formulary Rx	%
Rebate Guarantees	**Contract Period**	
Name of Proposed PDL for the PEIA:		
Provide the minimum 'per claim' rebate you will guarantee for PEIA. Note: 100% of the excess must be passed through to PEIA.	$_____ per Rx	

CHIP ((Refer to Exhibit B)		
Estimated PY07 Results:	Average Membership	
	Total Rx Count	
	Percent of Formulary Rx	%

Rebate Guarantees	**Contract Period**
Name of Proposed PDL for the CHIP:	
Provide the minimum 'per claim' rebate you will guarantee for CHIP. Note: 100% of the excess must be passed through to CHIP.	$_____ per Rx

Access WV (Refer to Exhibit B)		
Estimated PY07 Results:	Average Membership	
	Total Rx Count	
	Percent of Formulary Rx	%
Rebate Guarantees	**Contract Period**	
Name of Proposed PDL for the Access WV:		
Provide the minimum 'per claim' rebate you will guarantee for Access WV. Note: 100% of the excess must be passed through to Access WV.	$_____ per Rx	

G2. Explain your organization's rebate invoicing, accounting and payment processes including distribution of funds and reports outlining dollars projected and received. Please provide a sample rebate report.

G3. Complete a formulary disruption analysis using both the WVPDL and the claims file provided with this RFP.

G4. Detail any financial assumptions or qualifications pertaining to the minimum rebate guarantees provided for PEIA.

G5. Will you be charging a fee to administer rebates? If yes, what is the fee? Since all rebates (e.g. formulary, incentive, market share, manufacturer administrative fees, etc.) are to be passed through to PEIA, do not propose a portion to be retained as the fee.

H. Implementation/Transition/Pharmacy Management Assistance

H1. Detail any credits proposed to PEIA for implementation, transition, and on-going pharmacy management assistance by completing the table below:

	Implementation/Transition/Pharmacy Management	**Fee or (Credit)**	**Basis**
a.	PEIA Program Design, Development & Implementation (DDI)[5]	$ _____	Flat Dollar
b.	Formulary Disruption Mailings	$ _____	Per Letter
c.	Pharmacy management	$_____	PMPM
d.	Other (please specify)	$ _____	

[5] PEIA Implementation/Transition period: January 1 – June 30, 2008.

H2. If your organization is proposing an implementation credit in item (a), (b) and (c) in the table above, please provide the following:

– A list of qualified transition/implementation Pharmacy Management expenses;
– The payment terms to PEIA's;
– A description of the required documentation; and
– On-going Pharmacy Management is the PMPM credit to PEIA for the implementation of new programs throughout the life of the contract.

Exhibits A and B can be found in the attached Excel spreadsheet.

Appendix D – Limited Data Use Agreement

A limited data set is a set of records containing protected health information (PHI), from which direct identifiers have been removed, but in which certain potentially identifying information remains. The use or disclosure of a limited data set is limited to research, public health, and health care operations purposes only.

Name of data recipient: [ ]

Description of data: De-identified PEIA Paid Prescription Drug Claim Data for its population.

Purpose of use: PEIA will be disclosing a limited data set to Pharmacy Benefit Managers (PBM) that will be submitting bids in response to this RFP as part of its health care operations. The data will be used by bidding PBMs to prepare the cost estimate portion of its proposal.

By signing this agreement the recipient agrees:

- Not to further use or disclose any of the information, outside the purpose listed above, without prior written permission from PEIA or as otherwise required by law;
- That any further information requested by Recipient, or its Affiliates, regarding these reports must be made in writing to PEIA.
- Use appropriate safeguards to prevent use or disclosure of the information other than as provided for by the data use agreement;
- Report to PEIA any use or disclosure of the information not provided for by its data use agreement, of which it becomes aware;
- Ensure that any agent, including any affiliates, to whom it provides the limited data set agrees to the same restrictions and conditions that apply to the limited data set recipient with respect to such information; and
- Not to identify the information or to contact the individuals to whom the information pertains, if applicable.
- Properly and completely dispose of all data provided by PEIA upon completion of the project described above in "Purpose of use."

PEIA may terminate the agreement if it notifies the recipient of a pattern of activity or practice that constitutes a material breach or violation of the data use agreement, or law, unless the recipient cures the breach or ends the violation within a reasonable time, as determined by PEIA. PEIA will take reasonable steps to cure the breach or end the violation and if such steps are unsuccessful PEIA will discontinue disclosure and report the violation to the appropriate authorities.

_____ _____

Signature of Recipient Representative Date

_____ _____

Signature of PEIA Representative Date

Appendix E - PURCHASING AFFIDAVIT

West Virginia Code §5A-3-10a states: No contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and the debt owed is an amount greater than one thousand dollars in the aggregate.

DEFINITIONS:
"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Debtor" means any individual, corporation, partnership, association, Limited Liability Company or any other form or business association owing a debt to the state or any of its political subdivisions. "Political subdivision" means any county commission; municipality; county board of education; any instrumentality established by a county or municipality; any separate corporation or instrumentality established by one or more counties or municipalities, as permitted by law; or any public body charged by law with the performance of a government function or whose jurisdiction is coextensive with one or more counties or municipalities.

"Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceed five percent of the total contract amount.

EXCEPTION: The prohibition of this section does not apply where a vendor has contested any tax administered pursuant to chapter eleven of this code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

LICENSING: Vendors must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, West Virginia Insurance Commission, or any other state agencies or political subdivision. Furthermore, the vendor must provide all necessary releases to obtain information to enable the Director or spending unit to verify that the vendor is licensed and in good standing with the above entities.

CONFIDENTIALITY: The vendor agrees that he or she will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the agency's policies, procedures and rules. Vendors should visit www.state.wv.us/admin/purchase/privacy for the Notice of Agency

Confidentiality Policies. Under penalty of law for false swearing (West Virginia Code, §61-5-3), it is hereby certified that the vendor acknowledges the information in this said affidavit and are in compliance with the requirements as stated.

Vendor's Name:
_____

Authorized Signature: _____ Date: _____

Purchasing Affidavit (Revised 06/15/07)

Appendix F - Bidder's Litigation Waiver Form

_____, hereinafter "Bidder," wishes to submit a Proposal in response to the Request For Proposals for the Pharmacy Benefit Mangement Services (the RFP) issued on August 6, 2007 by the Public Employees Insurance Agency for the State of West Virginia (PEIA). The Bidder acknowledges that a mandatory requirement of the RFP is that the Bidder submit a litigation bond with its proposal.

In consideration of the waiver of said litigation bond requirement by the PEIA, and in lieu of such bond, the Bidder agrees:

That the Bidder completely waives and foregoes any and all legal right or ability it may now have, or in the future acquire, to initiate any sort of challenge to or against the selection of a Bidder and/or the ultimate award of a contract or contracts pursuant to the RFP. This Waiver is entered voluntarily by a representative authorized to legally bind the Bidder and shall be binding on the Bidder, its successors, assigns, heirs and any others claiming under the legal rights of the Bidder. This Waiver shall apply to any and all types of action, in challenge to or seeking to attack, in any way, the RFP selection process, or the subsequent award of contract(s) to the successful Bidder, including but not limited to, administrative, judicial, or collateral actions.

Legal Name of Bidder

By:		
Authorized Signature		*Date*

Title:	
Title of Authorized Signature	

Approved:

Public Employees Insurance Agency for the State of West Virginia

By:		
Authorized Signature		*Date*

APPENDIX G - Vendor Preference Certificate

Certification and application* is hereby made for Preference in accordance with West Virginia Code, §5A-3-37.

West Virginia Code, §5A-3-37, provides an opportunity for qualifying vendors to request (at the time of bid) preference for their residency status. Such preference is an evaluation method only and will be applied only to the cost bid in accordance with the ***West Virginia Code***. This certificate for application is to be used to request such preference. PEIA will make the determination of the Resident Vendor Preference, if applicable.

A. Application is made for 2.5% preference for the reason checked:

____ Bidder is an individual resident vendor and has resided continuously in West Virginia for four (4) years immediately preceding the date of this certification;

or

____ Bidder is a partnership, association or corporation resident vendor and has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or 80% of the ownership interest of Bidder is held by another individual, partnership, association or corporation resident vendor who has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification;

or

____ Bidder is a nonresident vendor which has an affiliate or subsidiary which employs a minimum of one hundred state residents and which has maintained its headquarters or principal place of business within West Virginia continuously for the four (4) years immediately preceding the date of this certification.

B. Application is made for 2.5% preference for the reason checked:

____ Bidder is a resident vendor who certifies that, during the life of the contract, on average at least 75% of the employees working on the project being bid are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid;

or

____ Bidder is a nonresident vendor employing a minimum of one hundred state residents or is a nonresident vendor with an affiliate or subsidiary which maintains its headquarters or principal place of business within West Virginia employing a minimum of one hundred state residents who certifies that, during the life of the contract, on average at least 75% of the employees or Bidder's affiliate's or subsidiary's employees are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid.

Bidder understands if the Secretary of Tax & Revenue determines that a Bidder receiving preference has failed to continue to meet the requirements for such preference, the Secretary may order the Director of Purchasing to: (a) rescind the contract or purchase order issued; or (b) assess a penalty against such Bidder in an amount not to exceed 5% of the bid amount and that such penalty will be paid to the contracting agency or deducted from any unpaid balance on the contract or purchase order.

By submission of this certificate, Bidder agrees to disclose any reasonably requested information to PEIA and authorizes the Department of Tax & Revenue to disclose to the PEIA Director appropriate information verifying that Bidder has paid the required business taxes, provided that such information does not contain the amounts of taxes paid nor any other information deemed by the Tax Commissioner to be confidential.

Under penalty of law for false swearing (West Virginia Code, §61-5-3), Bidder hereby certifies that this certificate is true and accurate in all respects; and that if a contract is issued to Bidder and if anything contained within this certificate changes during the term of the contract, Bidder will notify the Purchasing Division in writing immediately.

*Check any combination of preference consideration(s) in either "A" or "B", request up to the maximum of 5% preference for both "A" and "B".